

Internal Revenue Service
North-Atlantic Region

Department of the Treasury
Address any reply to Appeals
Office at:
10 Causeway St., Room 493
Boston, MA 02222-1083

CERTIFIED MAIL

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply to: [REDACTED]

Date:

JAN 06 1993

Gentlemen:

This is a Final Adverse Determination/Ruling Letter concerning your organization's tax exempt status under Section 501(c)(6) of the Internal Revenue Code.

Your administrative file disclosed that you were incorporated under the General Laws, Chapter [REDACTED], of [REDACTED].

The purpose for which the corporation was formed is as follows:

"To offer administrative facilities and services to the engineering organizations in [REDACTED],

To increase public awareness of the value of the engineering profession,

To serve the community of engineering organizations in [REDACTED] by providing current information on issues affecting the profession and

To serve as a forum for discussion and resolution of these issues."

The business of [REDACTED] is to provide administrative services on a cost basis for association activities such as membership database upkeep, taking meeting reservations and providing mailing lists.

According to the financial data submitted with your application, the income of the organization is from seven contracts with engineering organizations.

A typical contract (contract for administrative services between [REDACTED] and [REDACTED]) list the various items and rates. Among them are: membership services; financial recordkeeping; Board and Executive Committee support, and an annual seminar.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

In Revenue Ruling 66-338, 1966-2 CB-226, the principal activities of a nonprofit organization, formed to promote the interest of a particular retail trade, are the management consultant services of its field representatives who advise members on their individual business problems and the sale of supplies and equipment to members at low prices. The organization does not qualify for exemption even though such activities are conducted on a cooperative basis and produce only sufficient income to be self-sustaining.

Revenue Ruling 57-453, 1957-2, CB-310 holds that an organization which publishes the works of its members in anthologies and which arranges for programs on radio and television based on such works is not exempt.

The key issue in the above Rev. Ruls. is expressed in Rev. Rul. 67-251, 1967-2, CB-196 which holds that a business league which extends financial aid and welfare services to its members is not exempt since part of its net earnings is inuring to the benefit of private individuals.

Like the organizations referred to in the above Revenue Rulings, you organization is not following one of the requirements of a business league as defined in Federal Income Tax Regulations Section 1.501(c)(6)-1 in that the activities must be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

Accordingly, we conclude that you do not meet the requirements for exempt status under Section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

You are required to file a taxable return Form 1120 with the District Director of Internal Revenue Service for all years beginning on or after [REDACTED], if you have not already done so.

If you have any questions concerning this matter, please feel free to contact the person whose name and telephone number are shown above.

Sincerely yours,

[REDACTED]
Associate Chief
Boston Appeals Office

Internal Revenue Service
District Director

Department of the Treasury

Post Office Box 1680, GPO
Brooklyn, NY 11202

Date: MAY 10 1991

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Refer Reply to:
[REDACTED]

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED] under the General Laws, Chapter [REDACTED], of the [REDACTED].

The purposes for which the corporation was formed is as follows:

"To offer administrative facilities and services to the engineering organizations in [REDACTED],

To increase public awareness of the value of the engineering profession,

To serve the community of engineering organizations in [REDACTED] [REDACTED] by providing current information on issues affecting the profession and

To serve as a forum for discussion and resolution of these issues."

The business of [REDACTED] is to provide administrative services on a cost basis for association activities such as membership database upkeep, taking meeting reservations and providing mailing lists.

According to the financial data submitted with your application, the income of the organization is from [REDACTED] contracts with engineering organizations.

A typical contract (contract for administrative services between [REDACTED] and [REDACTED]) list the various items and rates. Among them are: membership services; financial recordkeeping; Board and Executive Committee support, and an annual seminar.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

In Revenue Ruling 66-338, 1966-2 C.B. 226, the principal activities of a nonprofit organization, formed to promote the interest of a particular retail trade, are the management consultant services of its field representatives who advise members on their individual business problems and the sale of supplies and equipment to members at low prices. The organization does not qualify for exemption even though such activities are conducted on a cooperative basis and produce only sufficient income to be self-sustaining.

Revenue Ruling 57-453, 1957-2 C.B. 310 holds that an organization which publishes the works of its members in anthologies and which arranges for programs on radio and television based on such works is not exempt.

The key issue in the above Rev. Ruls. is expressed in Rev. Rul. 67-251, 1967-2 C.B. 196 which holds that a business league which extends financial aid and welfare services to its members is not exempt since part of its net earnings is inuring to the benefit of private individuals.

Like the organizations referred to in the above Revenue Rulings your organization is not following one of the requirements of a business league as defined in Federal Income Tax Regulations section 1.501(c)(6)-1 in that the activities must be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

A solid black rectangular box used to redact the signature of the District Director.

District Director

Enclosure: Publication 892